

“...sometimes good intentions do not make effective policy.”

Washington, D.C. –Congressman Dan Lungren (R-CA) issued the following statement regarding H.R. 1106, The Helping Families Save their Homes Act, which passed 234 to 191. At its heart, the plan gives bankruptcy judges the power to alter contracts by reducing mortgage principal, adjusting interest rates, extending maturity dates, and limiting recovery of mortgage-related creditor fees.

“I have a considerable number of foreclosures in my district and I will do all I can reasonably do to help families keep their homes. However, today’s legislation giving bankruptcy judges the ability to modify mortgage agreements will not help the current situation in my district. The contents of this legislation should sound an alarm to anyone looking to refinance their mortgage.

“This bill will increase uncertainty and lead to higher risk premiums, which in turn will bring higher interest rates to all those wishing to purchase a home. It is my feeling that the cram down provisions work against the purpose of revitalizing our housing market.

“Although the title of the legislation reflects a noble objective, the actual effect of the bill is likely to make a very bad situation even worse. Most likely the real cram down will be down the throats of borrowers, which is the last thing that I want to see happen. I know there are good intentions behind this bill, but sometimes good intentions do not make effective policy.”

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Congressman Dan Lungren serves as Ranking Member on the House Administration Committee in addition to serving on the Judiciary and Homeland Security committees